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AZ CORP COMMISSION
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5 Attorneys for Arizona School Boards Association
6 and Arizona Association of School Business
7 Officials

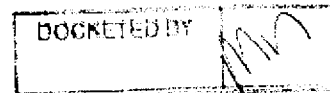
8 **BEFORE THE ARIZONA CORPORATION COMMISSION**

Arizona Corporation Commission

DOCKETED

MAR 23 2010

9
10 KRISTIN K. MAYES, Chairman
11 GARY PIERCE
12 PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP



13
14 IN THE MATTER OF THE APPLICATION
15 OF UNS ELECTRIC, INC FOR THE
16 ESTABLISHMENT OF JUST AND
17 REASONABLE RATES AND CHARGES
18 DESIGNED TO REALIZE A REASONABLE
19 RATE OF RETURN ON THE FAIR VALUE
OF THE PROPERTIES OF UNS ELECTRIC,
INC. DEVOTED TO ITS OPERATIONS
THROUGHOUT THE STATE OF
ARIZONA.

Docket No. E-04204A-09-0206

**ARIZONA SCHOOL BOARDS
ASSOCIATION/ARIZONA
ASSOCIATION OF SCHOOL
BUSINESS OFFICIALS POST-
HEARING BRIEF**

20
21 The Arizona School Boards Association ("ASBA") and the Arizona Association
22 of School Business Officials ("AASBO") submit the following Post-Hearing Brief in
23 connection with this matter.
24
25

1 **I. THE INTERESTS AND OBJECTIVES OF ASBA/AASBO**

2 The Arizona School Boards Association ("ASBA") represents over 1,200 school
3 board members and over 1.12 million Arizona children. ASBA's mission is to promote
4 community volunteer governance of public education and continue improvement of
5 students success by providing leadership and assistance to public school governing
6 boards. Direct Testimony of Chuck Essigs, ASBA Exhibit 1 at 1.
7

8 The Arizona Association of School Business Officials ("AASBO") provides
9 services to members in school districts in Arizona. AASBO has approximately 1,300
10 members. It provides a number of conferences and training classes to school district
11 employees and provides information to members on the laws and regulations that impact
12 the business operation of school districts. *Id.* at 1.
13

14 Next to salaries, utility costs are the largest expenses for operating schools. The
15 Arizona Legislature has eliminated excess utility costs as a separate component of
16 Arizona's school finance formula. That means that from now on, school districts are
17 going to have to find the money for their utility expenses from other parts of their
18 budgets. And those budgets are facing massive reductions. It has been reported that if
19 the sales tax proposal that voters will consider in May is defeated, K-12 education in
20 Arizona will face additional cuts on top of those already implemented on the order of
21 \$400 million.
22

23 All of this means that school districts must do everything they can to reduce their
24 expenses. That is why ASBA and AASBO intervened in the last APS rate case and this
25

1 proceeding. ASBA/AASBO's testimony and recommendations in this case parallel those
2 they made in the APS case.

3 Specifically, ASBA/AASBO have recommended in this case that UNS Electric
4 implement demand side management programs to help school districts become more
5 energy efficient. The program would include a simplified process for funding lighting
6 improvements and equipment upgrades with funding for those projects coming from a
7 UNS Electric DSM funding program. *Id.* at 2.

8
9 Similar to the APS settlement, ASBA/AASBO also believe that school districts
10 and UNS Electric can work on cooperative programs to expand renewable energy
11 resources. The APS settlement provisions include energy targets and financing
12 provisions that will accelerate the installation of renewable energy resources at Arizona
13 schools. *Id.* at 3.

14
15 Finally, ASBA and AASBO are proposing that UNS Electric develop a special
16 rate for school districts that would promote more efficient use of electric energy and
17 provide at least the opportunity for school districts to reduce their utility costs. *Id.* at 3.
18 The rate would include daily and seasonal incentives to shift load and thereby reduce
19 costs for both the school districts and UNS Electric.
20

21 **II. RELIEF REQUESTED BY ASBA/AASBO**

22 At the hearing, Michael DeConcini, a director for UNS Electric and chief
23 operating officer for Unisource Energy Corporation and Tucson Electric Power
24 Company, was asked whether UNS Electric would object to being directed by the
25 Commission to include a school specific-program in its next renewable energy

1 implementation plan. He testified that the company would not object to being so directed
2 by the Commission. Transcript, Vol. I at 40. Similarly, he was asked if UNS Electric
3 would object being directed by the Commission to include a school-specific program in
4 the DSM docket. His answer was the same that UNS Electric would not object. *Id.*
5

6 With respect to a school-specific renewable energy program, Mr. DeConcini
7 testified that it could be included in UNS Electric's renewable energy implementation
8 plan that will be filed on July 1 pursuant to the RES rules. *Id.* at 41. With regard to a
9 school-specific program for inclusion in its DSM programs, Mr. DeConcini testified that
10 three to six months would be a reasonable time frame for developing the program and
11 filing it in the DSM docket. *Id.*
12

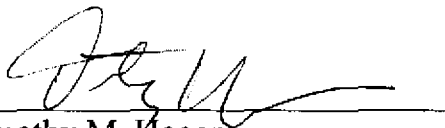
13 Based on those representations from Mr. DeConcini, ASBA/AASBO requests that
14 the Commission order UNS Electric to include a school-specific program in the
15 company's renewable energy implementation plan that will be filed on July 1 and that a
16 school-specific program for energy efficiency be filed in the DSM docket within three
17 months from issuance of the Commission's order in this case.
18

19 With respect to development of a school-specific rate, Mr. DeConcini testified that
20 UNS Electric does not object to trying to develop an optional rate that would incentivize
21 schools to shift load. *Id.* at 43. He recognized that there are potential benefits to the
22 company associated with schools shifting load on a daily and a seasonal basis. *Id.* Given
23 that the design of the APS optional rate for schools has not yet been completed, it makes
24 sense to ASBA/AASBO that UNS Electric be directed to develop and file with the
25 Commission an optional rate for schools within its service territory within 90 days

1 following the filing of the APS rate which can potentially be used as a model for a similar
2 rate in the UNS Electric service territory.

3 RESPECTFULLY SUBMITTED this 23rd day of March, 2010.

4 ARIZONA CENTER FOR LAW IN
5 THE PUBLIC INTEREST

6
7 By 
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12 Association and Arizona Association of
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14 ORIGINAL and 13 COPIES of
15 the foregoing filed this 23rd day
16 of March, 2010, with:

17 Docketing Supervisor
18 Docket Control
19 Arizona Corporation Commission
20 1200 W. Washington
21 Phoenix, AZ 85007

22 COPIES of the foregoing
23 electronically served this
24 23rd day of March, 2010 to:

25 All Parties of Record